

## Message Text

UNCLASSIFIED

PAGE 01 TAIPEI 05289 100807Z

ACTION EA-12

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 FRB-01

CIAE-00 INR-10 NSAE-00 /033 W

-----023896 100811Z /21/13

P 100403Z AUG 78

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC PRIORITY 8541

UNCLAS TAIPEI 05289

C O R R E C T E D C O P Y (TEXT PARA 1 LINES 1 AND 2)

E.O.,01652: N/A

TAGS: ECON, TW, EFIN

SUBJECT: KEY ECONOMIC INDICATORS FOR MAY AND JUNE

REF: A) STATE 199742 B) TAIPEI 5169

1. FIGURES REPORTED FOR NET FOREIGN ASSETS IN REFTEL B, REPEATED IN REFTEL A, ARE CORRECT. HOWEVER, APPARENT DROP IN LEVEL OF RESERVES REFLECTS ONLY A NEW DEFINITION OF THE TERM "NET FOREIGN ASSETS" BY THE CENTRAL BANK OF CHINA (CBC). THE TERM NOW INCLUDES THE FOREIGN ASSETS AND LIABILITIES OF FOREIGN BANK BRANCHES IN TAIWAN. A CBC OFFICIAL TOLD EMBASSY THAT IN THE PAST, FOREIGN BANK BRANCHES REPORTED THEIR ASSETS AND LIABILITIES TO THE CBC, BUT BECAUSE EACH BANK HAD ITS OWN DEFINITION OF THESE TERMS, THE FIGURES REPORTED WERE NOT INCLUDED IN THE CBC'S CALCULATIONS OF NET FOREIGN ASSETS. NOW A UNIFORM DEFINITION HAS BEEN APPLIED TO SUCH REPORTS FROM FOREIGN BANKS, AND THEIR ASSETS AND LIABILITIES ARE INCLUDED IN CBC STATISTICS. CBC OFFICIAL STATED THAT THIS METHOD IS MORE IN KEEPING WITH INTERNATIONAL MONETARY FUND PRACTICES.

2. IN ADDITION, THE DEFINITION OF THE MONEY SUPPLY HAS UNCLASSIFIED

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BEEN CHANGED. THE CBC'S TERM (ITS TRANSLATION) "DEPOSIT MONEY BANK" NOW INCLUDES BRANCHES OF FOREIGN BANKS, AND CREDIT DEPARTMENTS OF FARMERS' ASSOCIATIONS. UNTIL RECENTLY, THESE CREDIT DEPARTMENTS WERE NOT AUTHORIZED TO ACCEPT DEMAND DEPOSITS, ALTHOUGH SOME DID SO. NOW THEIR NT DEPOSITS, ALONG WITH THE LIMITED NT DEPOSITS OF THE FOREIGN BANKS, WILL BE INCLUDED IN THE ROC'S

MONEY SUPPLY. UNGER

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NNN

## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Review Markings:**  
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